



# Department of Justice

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## **AMMUNITION COMPANY CHARGED WITH BID RIGGING**

WASHINGTON, D.C. -- The Department of Justice today charged an ammunition manufacturer with conspiring to rig bids on sales of components for ammunition produced at the Milan Army Ammunition Plant (MAAP) in Milan, Tennessee.

The Department, in a one-count felony charge filed today in U.S. District Court in Jackson, Tennessee, said Valentec International Corporation LLC participated in a conspiracy to suppress and eliminate competition by rigging bids in violation of the Sherman Act. The conspiracy began in 1988 and continued until 1992.

"The integrity of the military procurement process is vital for our country's defense," said Joel I. Klein, Assistant Attorney General in charge of the Antitrust Division. "Those who corrupt that process should expect to face criminal charges."

According to the charges, Valentec International, along with unnamed co-conspirators, devised a scheme to create the illusion of competition by submitting intentionally, high complementary bids to the MAAP for components needed for the manufacture of ammunition. The charge is the result of a grand jury investigation in Jackson into procurement practices at the MAAP. The investigation is continuing.

This is the ninth case to arise out of the ongoing investigation being conducted jointly by the Justice Department's Antitrust Division, the United States Attorney's Office

for the Western District of Tennessee, the United States Army's Criminal Investigation Division, the Defense Criminal Investigative Service, the Federal Bureau of Investigation, and the Criminal Investigation Division of the Internal Revenue Service.

Valentec International Corporation LLC is the successor to Valentec International Corporation. Valentec International Corporation LLC is a Delaware corporation with its principal place of business in California.

The maximum penalty for a corporation convicted of a violation of 15 U.S.C. § 1 is the greatest of a fine of \$10,000,000, twice the gross pecuniary gain derived from the crime, or twice the gross pecuniary loss caused to the victims of the crime.

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